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THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D.C. 20505

National Intelligence Council

DDI #4470-82

28 May 1982

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

FROM : []
National Intelligence Officer for Warning

SUBJECT : NIO Monthly Warning Assessments: May

1. The reports on the NIO warning meetings are attached.
2. Comments on warning situations.

a. Falklands:

(1) The Argentine junta seems determined to continue attacks on the British task force and troops ashore after the defeat or surrender of the Falklands garrison. Intensive efforts to acquire aircraft, spare parts and missiles suggest that the junta is preparing for long-term resistance to British control of the islands. If the Argentines fail to secure sufficient military equipment from non-Communist sources, they may be prepared to turn to the Soviet Union or to proxies like Cuba and Libya. Galtieri has vowed to continue the fight even if it means "joining the Soviets," and Costa Mendez has referred to ties with the USSR and Cuba as a "practical possibility."

(2) On the diplomatic front, the Argentines probably will attempt to forestall a British assault on Port Stanley by proposing an unconditional ceasefire in place under UN supervision. The defeat or surrender of the Argentine garrison and a British veto of an unconditional ceasefire may impel the junta to adopt a hostile stance toward both Britain and the US. The chances of attacks on British and US citizens and firms in Argentina and a break in US-Argentine diplomatic relations would increase substantially if the junta suffers diplomatic and military defeats.

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b. Iran-Iraq:

(1) Although there are some signs of disagreement within the Khomeini regime over carrying the war into Iraqi territory, the momentum of military developments may lead Tehran to invoke reasons of military necessity for cross-border shellings or incursions. The Iranians have charged that Iraqi artillery is shelling Khorrmanshahr from the Iraqi side of the Shatt al-Arab, and an Iranian ground thrust toward Al Basrah is possible in the next few weeks. Khomeini will refuse to make peace as long as Saddam Hussein remains in power, and Tehran may send a force drawn from Iraqi POWs and Iraqi Shias who were expelled from Iraq across the border to incite a Shia insurrection.

(2) Iran apparently intends to bid for a major voice in Arab affairs. It will be prepared to use military intimidation and subversion against the Gulf states to compel them to terminate financial and logistic support for Baghdad. Khomeini has warned Arab governments that Saddam Hussein is finished and that they must reject the Camp David accords and the Saudi peace plan and "return to the fold of Islam."

c. Chad:

(1) The withdrawal of the OAU peacekeeping force by 30 June seems likely to produce a showdown between Goukouni's shaky regime and Habre's rebel forces. Although Qadhafi may be reluctant to meet Goukouni's request for renewed Libyan military involvement, Habre's occupation of N'Djamena may force his hand.

(2) Renewed Libyan intervention in Chad or a Habre victory may split the OAU between radical and moderate states, leaving Qadhafi as the leading force in a radical rump group. Such a

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d. Israel-Lebanon:

(1) The shutdown of Syrian fighters over the Bekaa Valley implies more aggressive Israeli tactics in assuring control of Lebanese airspace. Although Israeli forces in the north have been reduced somewhat, they remain poised to launch an incursion into southern Lebanon with little or no warning if Palestinian radical factions attack the Christian militia or Israeli settlements.

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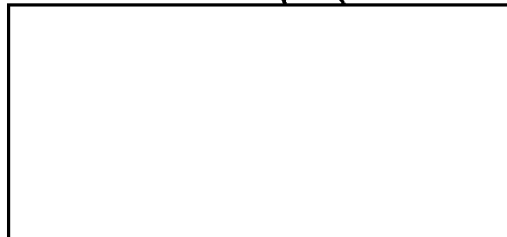
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e. South Korea:

(1) The financial scandal poses the most serious test of President Chun's leadership since he came to power over two years ago. Student demonstrations demanding Chun's resignation and criticism by opposition parties may provoke stern repressive measures which, in turn, would fuel further violent anti-government agitation.



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